

In Confidence

Office of the Minister of Housing

Office of the Minister for Social Development and Employment

Office of the Associate Minister of Housing (Homelessness)

Cabinet Business Committee

Improving the provision of emergency housing in Rotorua and potential expansion

Proposal

- 1 This paper outlines steps being taken to meet urgent housing need in Rotorua and seeks Cabinet's agreement to:
 - 1.1 fund the costs of contracting motels and providing wraparound supports for around 200 families and whānau with children currently receiving Emergency Housing Special Needs Grants (EH-SNGs) in motels in Rotorua and associated elements
 - 1.2

s 9(2)(f)(iv)

Relation to government priorities

- 2 This proposal will contribute to the Government priority of laying the foundations for the future, including addressing key issues such as our climate change response, housing affordability and child poverty.

Executive Summary

- 3 Emergency Housing Special Needs Grants (EH-SNGs) were introduced in 2016 by the previous Government to help vulnerable individuals and families with urgent housing need to meet the cost of staying in short-term accommodation, with limited supports. Funding was originally provided in Budget 2016 for 3,000 emergency housing places per year, 800 at any one time.
- 4 Accommodation is most often provided through motels, and is intended to be for seven nights at a time, but can be up to 21 nights in specific circumstances.
- 5 We have seen significant growth in EH-SNG numbers over the last two years. The number of distinct clients granted an EH-SNG in a month more than doubled from April 2019 to April 2021. Around \$320m was spent in the last year on EH-SNGs, and the average length of stay has also increased.
- 6 This is likely due to the combined impacts of underlying issues with the housing system, individual stressors, the ongoing effects of COVID-19 and the

availability of motels due to downturn in tourism. Previous trends have shown that a tightening of the gateway into EH-SNGs could contribute to a reduction in overall use (this may or may not reflect reduced need). The Ministry of Social Development (MSD) is undertaking work to better understand the pathways in to EH-SNGs.

- 7 Motels are not an ideal solution, however, it is a preferable option to people living in cars, staying in overcrowded housing, sleeping in parks or on the street.
- 8 Our goal is that we rarely need to use motels as emergency housing, in particular EH-SNGs, and where we do it is for short periods of time and not as a recurring solution. We need to offer pathways to permanent housing options, and we are making good progress on that front through our Government Build Programme and the ramping up of transitional housing places.
- 9 This Government has a clear plan and has taken significant steps (across supply, prevention and support) to directly address homelessness and prevent the need for the use of EH-SNGs. These include:
 - 9.1 the launch of the Aotearoa New Zealand Homelessness Action Plan and associated funding of over \$300m for 18 immediate actions. As part of this, over 1,000 additional transitional housing places have been made available, and prevention initiatives such as Sustaining Tenancies have been rolled out
 - 9.2 funding for a further 8,000 transitional and public housing places through Budget 2020, to be delivered by June 2024
 - 9.3 over 1,000 people being housed through COVID-19 motels, many of whom were previously experiencing homelessness for extended periods. These motels were stood up at-pace in response to the first Level 4 nationwide lockdown
 - 9.4 changes have been made to EH-SNGs to provide greater consistency with other forms of housing support and provide some support services.
- 10 Te Maihi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) framework was approved by Cabinet on 18 May 2020 [CAB-20-MIN-0229.02 refers]. MAIHI aims to deliver, at pace, a system-wide response to Māori housing stress, and is guided by a set of kaupapa Māori principles. Applying the MAIHI framework and its principles must be central to our continued efforts to prevent and reduce homelessness.
- 11 Alongside this, a programme of work is underway to address wider housing system issues, such as a lack of affordable housing, that drive much of the demand for EH-SNGs. This work includes promoting a well-functioning housing and urban system; supporting the development of purpose-built, affordable rentals; s 9(2)(f)(iv) and better supporting people to access and retain private market tenancies. Changes to

the Residential Tenancies Act 1986 recently took effect to improve security of tenure for renters.

- 12 Māori are significantly more likely than the general population to experience homelessness and make up 58 percent of all households accessing EH-SNGs. Stage One of the Wai 2750 Kaupapa Inquiry into Housing Policy and Services on Māori homelessness has raised numerous issues with emergency housing.
- 13 We have been concerned to see the pressure that the housing crisis and impacts of COVID-19 are placing on emergency housing around the country. Added to this, the current model of EH-SNG provision does not consistently ensure safe and quality motels, or provide wraparound social support services (targeted supports are provided). This can make it difficult for families and individuals to thrive.

We are taking steps to meet urgent need in Rotorua

- 14 Rotorua city has experienced strong population growth after two decades of stable growth. The housing supply has not responded, and the number of building consents granted remains one of the lowest in New Zealand by population. This has resulted in a sharp increase over the past five years in median rents (54 percent) and house prices (84 percent), and increases in homelessness, including overcrowding.
- 15 This has placed significant pressure on public and emergency housing, with a 67 percent increase in EH-SNGs between June 2019 and December 2020. At 19 March 2021, 371 households were in EH-SNG motels. This includes 366 children in 194 of these households. The volume of EH-SNGs in Rotorua is also the highest in the country by population. There's a high reliance on EH-SNG places relative to transitional housing, with a ratio of five-to-one, compared to roughly one-to-one ratio across the country.
- 16 While we do not see motels as a long-term solution, we need to deal with the immediate crisis that has built up over the last decade and address issues with the over reliance on EH-SNGs.
- 17 This is why we directed officials from central government to form a taskforce with the Rotorua Lakes Council and Te Arawa Iwi to develop options for providing better support and outcomes for people living in emergency housing motels. As a result of this work, Ministers have agreed to a suite of changes to meet urgent housing need in Rotorua. These changes include:
 - 17.1 Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) contracting specific motels to provide emergency accommodation, with an initial focus on the approximately 200 families and whānau with children in EH-SNG motels
 - 17.2 providing better supports through HUD contracting additional wraparound support services to meet the needs of the families in those contracted motels and MSD improving supports available for those remaining in the current EH-SNG motel places

- 17.3 the implementation of Te Pokapū – a Rotorua Housing Hub to strengthen assessment and placement processes for emergency housing clients and co-locate relevant services.
- 18 This pilot approach in Rotorua also includes near-to-medium-term supply solutions with Kāinga Ora s 9(2)(j) scaling up work to identify new-build opportunities; s 9(2)(f)(iv).
- 19 MSD is undertaking work to cease the use of unsuitable motels and ensure accommodation is suitable, explore the potential for a new complaints process, s 9(2)(f)(iv).
- 20 It is expected that this combination of actions in Rotorua will result in increased quality and suitability of accommodation, increased support services, increased safety, better pathways to more-permanent housing, and streamlined assessment and placement processes for clients. We expect to be able to implement the main aspects (contracting motels and wraparound support services) by June/ July.
- 21 The model proposed for Rotorua will cost around s 9(2)(j) per annum, made up of:
- 21.1 s 9(2)(j) for the contracting of emergency housing motels and associated supports for 200 families and whānau with children in Rotorua, as well as s 9(2)(j) in 2021/22 only in upfront costs to implement the model
- 21.2 s 9(2)(j) for the ongoing operation of Te Pokapū – a Rotorua Housing Hub, plus s 9(2)(j) in 2021/22 only for a data system¹ and fit-out of premises
- 21.3 s 9(2)(j) s 9(2)(f)(iv)
- 22 The cost of providing accommodation under the new model will be around the same as under EH-SNGs s 9(2)(j). However, we must invest in additional elements to deliver better outcomes for families and whānau with children in emergency housing and the broader community.

¹ The database is a holistic assessment tool that looks at the whole whānau and their needs. It takes a kaupapa Māori approach – Ngā Pou e rima – WERA's cultural framework. The information will support agencies located in the Hub with appropriate placement and assessment information. This maintains a whānau-led approach under a kaupapa Māori framework.

23 We propose that [REDACTED] s 9(2)(f)(iv) and the actions in Rotorua be initially funded for 2021/22 via:

23.1 a transfer of [REDACTED] s 9(2)(j) from the BoRE: Accommodation Assistance appropriation (EH-SNGs are paid from this appropriation) to a new dedicated appropriation; and

23.2 reprioritisation of [REDACTED] s 9(2)(j) from the underspend of approximately \$40 to \$50 million of the Rent Arrears Assistance appropriation.

24 [REDACTED] s 9(2)(f)(iv)
[REDACTED]
[REDACTED]
[REDACTED]

Elements of this approach could be applied more broadly

25 Rotorua is unique and not all locations have the same level of issues associated with EH-SNG use. It is also clear that the elements of the Rotorua approach alone will not address the significant demand that exists for emergency housing. However, there is value in considering expansion of elements of this pilot place-based approach taken in Rotorua. This is because of broader issues with the EH-SNG model and the likely need to utilise significant numbers of motels as emergency housing over the medium term.

26 [REDACTED] s 9(2)(f)(iv)
[REDACTED]
[REDACTED]
[REDACTED]

27 MAIHI and its kaupapa Māori principles must drive how we expand this approach and continue to prevent and reduce homelessness. We must partner with and support Māori to deliver solutions for Māori.

28 [REDACTED] s 9(2)(f)(iv)
[REDACTED]
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Background

- 32 HUD and MSD currently fund and deliver emergency accommodation via two main methods:
- 32.1 **Emergency Housing Special Needs Grants** (EH-SNGs) were introduced in 2016 to provide temporary accommodation to meet an immediate housing need until longer-term options could be identified. The grant was intended to be used as a last resort and initially for no longer than seven days at a time.
- 32.2 **Transitional housing** provides short-term accommodation, intended to be up to 12 weeks on average, alongside wraparound support to help households transition to longer-term sustainable housing.
- 33 Accommodation (mainly in motels) funded via EH-SNGs has increasingly played a role in ensuring people have a place to stay when needing urgent housing assistance. However, the current model of EH-SNG provision was never intended to operate in the way it currently does. We are seeing more people in motels, including many families and whānau with children. People in motels are also staying longer, with an average stay of around 18 weeks.
- 34 There are increasing concerns that the provision of emergency housing via EH-SNGs is unable to consistently ensure safe, adequate and suitable housing for all those who need it. MSD provides targeted support services to people staying longer than seven nights but due to high demand, support is prioritised according to need.² In addition, there are significant costs associated with this model and growing community concern in Rotorua, central Auckland, and Wellington about the social harm associated with concentrations of EH-SNG motels.
- 35 Stage One of the Wai 2750 Kaupapa Inquiry into Housing Policy and Services on Māori homelessness has raised numerous issues with emergency housing. Claimants and witnesses in support of claimants have raised significant issues with the quality of the accommodation, unsafe and dangerous situations particularly for wāhine, the long-term effects on tamariki, difficulty accessing basic support services, and the need for housing options to move into. Witnesses have also spoken of the huge amount of money spent on emergency housing and that this funding could be better spent on programmes that provide housing and effective wraparound support. However, it was also noted that emergency housing is a critical backstop for providers to refer people to.

² MSD and its partners in the community provide targeted social support to people staying in emergency accommodation longer than seven nights through Intensive Case Managers and contracted Navigators and Support Services.

- 36 Work to improve the safety, security, and quality of emergency housing is already underway. This includes work led by MSD to address some of the key issues with the use of EH-SNGs for emergency housing, including:
- 36.1 s 9(2)(f)(iv)
 - 36.2 ceasing use of unsuitable motels and moving clients into more suitable accommodation
 - 36.3 developing a process for ensuring emergency accommodation is suitable
 - 36.4 exploring the potential for a complaints process for emergency housing suppliers
 - 36.5 ensuring clients are aware of their obligations when staying in emergency housing.

We have a clear plan to prevent and reduce homelessness...

- 37 This Government has a clear plan and has taken significant steps (across supply, prevention and support) to directly address homelessness and prevent the need for the use of EH-SNGs. These include (see Annex One for further detail):
- 37.1 In November 2019, Cabinet agreed to a significant increase in the supply of transitional housing to reduce reliance on motels and the prioritisation of families and whānau with children for new transitional housing. 1,000 additional transitional housing places were delivered as of February 2021.
 - 37.2 In December 2019, Cabinet agreed to changes to EH-SNGs to provide greater consistency with other forms of housing support [SWC-19-MIN-0205 refers].
 - 37.3 In 2019/20, targeted social supports were introduced for people receiving EH-SNGs for longer than seven nights.
 - 37.4 In February 2020, the Aotearoa New Zealand Homelessness Action Plan was launched and is backed by over \$300 million of funding. All 18 immediate Action Plan actions are now underway, helping people address issues that put their tenancies at risk and supporting people at points where they are at-risk of homelessness, such as leaving the care of government.
 - 37.5 In June 2020, Te Maihi o Te Whare Māori: Māori and Iwi Housing Innovation (MAIHI) was launched to fundamentally respond to the crisis that exists for Māori, improve access to appropriate housing, and review and reset systems and processes so that the housing system provides equitable solutions for Māori. The MAIHI framework and its

principles are central to continued efforts to address homelessness through the Homelessness Action Plan.

- 37.6 A flexible funding package has been introduced to assist whānau with children with the extra stresses and costs of living in emergency housing, where other support is not available. It will be used to support the wellbeing and education needs of the children, to minimise disruption to their lives and keep them connected with school, early childhood education and other activities.
- 37.7 Kaupapa Māori approaches are helping to prevent homelessness, increase housing supply, build capability of Iwi and Māori housing providers, and support Māori experiencing or at-risk of homelessness. This work is supported by the He Taupua fund and He Kūkū ki te Kāinga MAIHI implementation funding.
- 37.8 A further 18 longer-term Action Plan actions are to be developed for implementation over 2020-2023, some of which are underway already. For example, new public housing supply through Budget 2020 funding, guided by the Public Housing Plan, and the \$400 million Progressive Home Ownership Fund.
- 38 There is also a range of work currently underway to address wider housing system issues, such as a lack of affordable housing, that drive much of the demand for EH-SNGs. This includes work promoting a well-functioning housing and urban system; supporting the development of purpose-built, affordable rentals; s 9(2)(f)(iv) and better supporting people to access and retain private market tenancies. s 9(2)(f) and changes to the Residential Tenancies Act 1986 recently took effect to improve security of tenure for renters.
- 39 Budget 2021 also committed \$380 million into Māori housing to deliver 1,000 new homes for Māori in the regions; further strengthen MAIHI approaches and partnerships with Iwi and Māori; improve housing quality through repairs of 700 homes; and build future capability for Iwi and Māori groups to accelerate housing projects and provide a range of support services.

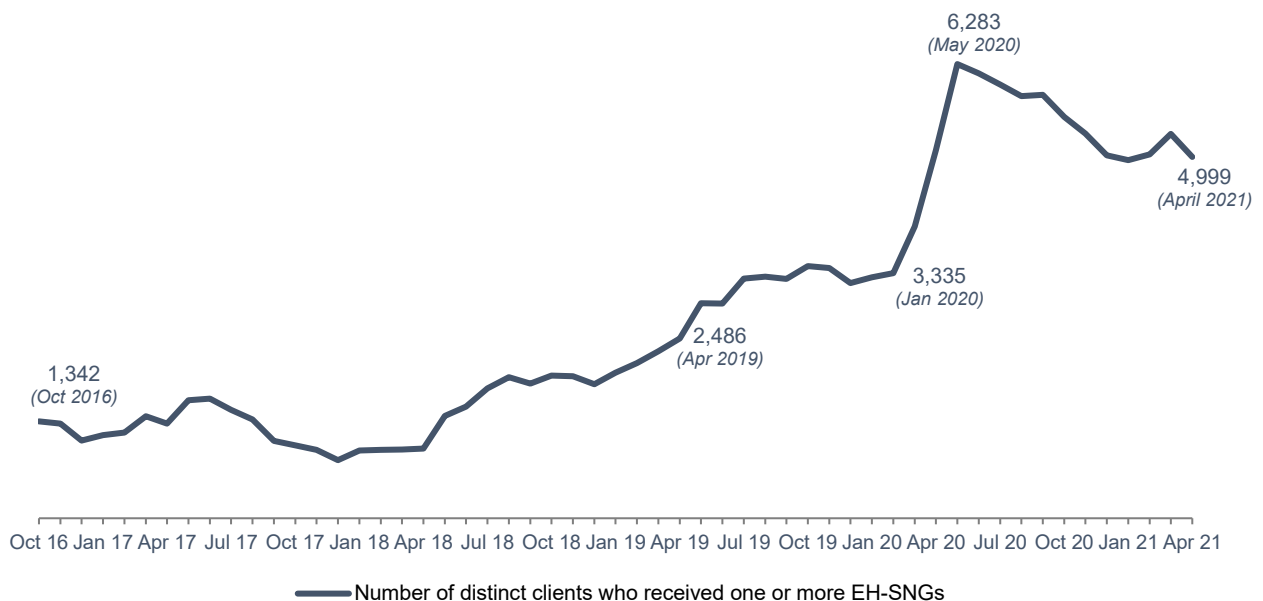
...in spite of this we have seen growth in EH-SNGs

- 40 Since the introduction of EH-SNGs, there has been significant growth in the number of households accessing the grant (see Figure 1). This growth increased dramatically in the first part of 2020. From January to May 2020, there was an 88 percent increase in the number of distinct clients who received an EH-SNG. Since the peak in May 2020, EH-SNG use has dropped slightly, with 4,999 distinct clients in April 2021 – a 20 percent decrease from May 2020. However, EH-SNG use has not returned to the level seen prior to COVID-19.
- 41 All regions experienced significant increases in the number of households seeking emergency housing during the COVID-19 lockdown period. When COVID-19 Alert Level 4 came into effect on 25 March 2020, there were 3,072

households staying in EH-SNG accommodation. As at 29 May 2020, there were 4,363 households in EH-SNG accommodation, an increase of 42 percent over the ten-week period.

- 42 Over the last two years the number of distinct clients granted an EH-SNG in a month more than doubled (from April 2019 to April 2021).
- 43 More recently, the number of clients accessing an EH-SNG has stabilised. However, previous trends have also shown that demand increases in winter months.

Figure 1: Emergency Housing Special Needs Grants



This growth is likely driven by a range of factors, including COVID-19

- 44 Homelessness and demand for EH-SNGs are driven by structural issues, such as poverty and a lack of affordable housing, and system failures, such as gaps in services that mean people do not get support at the right time. Individual pressures create pathways into homelessness such as ongoing trauma, illness, addiction and mental health issues, family violence and criminal activities.
- 45 It is likely that the social and economic impacts of COVID-19 exacerbated existing factors, such as a lack of affordable housing, and drove the increased EH-SNG demand that we have seen since March 2020. However, it is hard to determine the exact causes of increased demand and accurately identify underlying emergency housing need.

Māori are disproportionately impacted by homelessness

- 46 Māori are significantly more likely than the general population to experience homelessness and make up 58 percent of all households accessing EH-SNGs. As such, it is critical that MAIHI and its kaupapa Māori principles drive continued efforts to prevent and reduce homelessness.

- 47 Families with children and those with disabilities are also highly represented in emergency housing. As of March 2021, there were 3,928 households in EH-SNG motels. Of this cohort, 53 percent of households were families with children. We know that women are more likely to be the sole or primary caregiver for children, and may find themselves in emergency housing need as a result of experiencing domestic violence. More than 50 percent are people with disabilities, health conditions, mental health needs, or are experiencing issues with alcohol and other drugs.

The experience of homelessness plays out differently across the country

- 48 As part of the Homelessness Action Plan, we committed to taking a place-based approach. Our engagement with and across communities has highlighted the local factors that influence outcomes on the ground, including local economic performance, the state and quality of housing and infrastructure, and longstanding issues facing tangata whenua. Without a clear understanding of these issues and how they play out for communities, we will not have a clear view of what solutions will make the most difference for individuals and their communities.

Proposed new approach to meeting urgent housing need in Rotorua

- 49 In Rotorua, there are a set of specific issues that have exacerbated broader issues with EH-SNGs. Rotorua has experienced strong population growth after two decades of stable growth. Housing supply has failed to respond, and the number of building consents granted remains one of the lowest in New Zealand by population. Limited private and public housing development has resulted in a sharp increase over the past five years in median rents (54 percent growth) and house prices (84 percent growth). In addition, high levels of family violence are pushing people into emergency housing need.
- 50 A shortage of affordable homes for low-income households means more people are experiencing periods of homelessness, including in emergency and transitional housing, and the public housing register is increasing. These issues were exacerbated by the need to quickly house people experiencing homelessness through the COVID-19 pandemic.³
- 51 As a result, the volume of EH-SNGs is the highest in the country by population. The reliance on EH-SNGs relative to transitional housing is also very high. Up to five households are receiving EH-SNGs for each transitional home available for placement (compared to a one-to-one ratio across the country). 30 percent of households have been in emergency housing in Rotorua for six months or longer, and 7.5 percent for over a year.
- 52 Around 500 households are currently in government-funded motels in Rotorua, including EH-SNG and transitional housing motels, and motels used as part of our COVID-19 response. As at 19 March 2021, there were 194 households with 366 children, out of a total 371 households in EH-SNG motels.

³ As at April 21, there were approximately 156 occupants across 113 COVID-19 motel units in Rotorua.

- 53 There are also up to 140 individuals utilising both the Temporary Additional Support and the Accommodation Supplement from MSD to access temporary accommodation, largely backpacker accommodation.⁴
- 54 The volume of EH-SNGs in Rotorua has placed significant pressure on the government to manage placement and provide support to households. The absence of a tailored and vetted placement process has resulted in many clients being placed in environments inappropriate for their specific needs. For example, some motels are not suitable for families and some do not have adequate safety measures in place.
- 55 The local community has also been increasingly voicing their concerns about the security, safety and appropriateness of motels used for emergency housing.

The Government is taking action to meet urgent need

- 56 We decided that immediate and targeted action was needed to meet urgent demand for supported housing and to put pathways in place for more permanent housing. This decision also responds to the high expectations of the local community for quick movement to address issues associated with motels as emergency housing.
- 57 Government has been working actively in Rotorua for some time. In late 2019 a place-based partnership was agreed between Rotorua Lakes Council, Te Arawa Iwi and government agencies. This partnership was set up in response to the pressing issues facing the community and its housing and urban system.
- 58 The Rotorua Housing Taskforce was then established in late March 2021, made up of Rotorua Lakes Council, Te Arawa Iwi and officials from HUD, MSD, Kāinga Ora and Te Puni Kōkiri. Police Officials and the Lakes District Health Board have also participated in some of the discussions.
- 59 The Taskforce developed the following objectives to guide implementation of immediate housing solutions:
- 59.1 enabling more stable, safe and supported housing with an initial priority focus on children and families
 - 59.2 ensuring a pathway to more-permanent housing outcomes
 - 59.3 a “by Te Arawa, for Te Arawa” approach to developing solutions for their whānau and those who call Te Arawa whenua home.

⁴ Temporary Additional Support is a weekly payment, paid in addition to a main benefit, that helps to cover essential living costs.

60 The Taskforce has worked collaboratively and intensively to develop immediate solutions to the homelessness and emergency housing situation in Rotorua. On 13 May 2021, we announced immediate actions to be implemented in Rotorua, including:

60.1 HUD contracting specific motels to provide emergency accommodation, with an initial focus on the approximately 200 families and whānau with children in EH-SNG motels (in place by end of June).

60.2 HUD contracting additional wraparound support services to meet the needs of the 200 families and whānau with children in those motels. MSD will also focus supports available for those remaining in the current EH-SNG motel places (in place by end of June).

60.3 MSD retaining responsibility for assessment and placement of people into the contracted motels and strengthening assessment and placement processes for emergency housing clients (in place by end of June).

60.4 The implementation of Te Pokapū – a Rotorua Housing Hub. The Hub will be a single point of contact for individuals and whānau with emergency housing needs in Rotorua. The Hub will have a focus on strengthening assessment and referral processes to ensure the right supports are put in place to meet needs. Agencies, Iwi and local providers will be co-located with defined roles and responsibilities, and holistic assessments of need will be undertaken (in place by mid-August).

61 s 9(2)(f)(iv)

62 Involvement of local Iwi Te Arawa has led to tailored Iwi and whānau-centred support. Annex Two provides further detail of how the model will operate.

63 Kāinga Ora is also progressing immediate housing opportunities in Rotorua to begin putting pathways in place to permanent housing, including:

63.1 s 9(2)(i)

⁵ s 9(2)(i)

63.4 [REDACTED]
[REDACTED]
[REDACTED]

64 s 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

65 HUD is engaging with the Waiariki Women's Refuge in Rotorua to understand issues and ensure there is enough capability and capacity to support individuals experiencing family violence in Rotorua, who may have an emergency housing need. As the Hub progresses, officials will continue working with the refuge to ensure they are connected as a key stakeholder.

Contracting motels and wraparound supports will ensure quality, safety and security of emergency accommodation

66 Through a contracting model, HUD will contract whole motel facilities and wraparound support services for the approximate 200 families and whānau with children currently in EH-SNG motels. Contracting emergency housing places rather than using EH-SNGs provides a number of advantages including:

66.1 greater control over the quality and condition of the accommodation our whānau will be temporarily housed in, and the ability to work with moteliors to ensure our expectations are being met

66.2 enabling MSD to take a more planned approach to client placement, ensuring specific needs can be met such as accessibility or appropriate sleeping situations for children.

67 While we still intend for emergency housing to be for short-stays, households will be able to remain in contracted motels and receive wraparound supports for as long as needed. As with the current EH-SNG model, these clients will be required to make a client contribution of 25 percent of their income, to be paid to the provider.⁶ Annex Two includes more detail on how Te Pokapū – a Rotorua Housing Hub will operate, and Annex Three presents a stocktake of needs and supports in Rotorua.

⁶ This ensures consistency with other forms of housing assistance, including transitional housing and the current model of EH-SNGs.

- 68 Table 1 below outlines the differences between places secured via EH-SNGs and contracted emergency housing places.

Table 1: Overview of differences between EH-SNG and contracted motel places

Current EH-SNG places	HUD contracted emergency places
<ul style="list-style-type: none"> MSD administers a one-off grant to meet the cost of staying in short-term accommodation (usually motels) for seven days at a time (can be up to 21 days) MSD provides targeted support services to people staying longer than seven nights. Due to high demand, support is prioritised according to need. MSD assesses needs but does not have control over placement of different cohorts into specific motels MSD does not have the legislative mandate to regulate motel standards 	<ul style="list-style-type: none"> HUD contracts specific motels for use as emergency housing HUD also contracts wraparound support services Through a Rotorua Housing Hub, MSD assesses need and places households into contracted motels MSD can control placement of different cohorts into emergency housing that is appropriate to their needs HUD and MSD can ensure motel standards such as quality and appropriateness of facilities through contracts

- 69 This model also better enables the provision of targeted wraparound support services to meet the needs of families staying in these facilities. The level of wraparound support provided will be similar to that of transitional housing and COVID-19 motels, with flexibility to adjust based on need.
- 70 Service providers will work with families requiring emergency housing from the moment they arrive to assess and identify needs; support those needs through direct work with clients and linking them into wider health, social, employment and financial supports; and facilitate pathways into transitional housing or other longer-term options. s 9(2)(j)

s 9(2)(f)(iv)

- 71 The approximately 177 households who will remain in non-contracted EH-SNG places in Rotorua often have complex needs. For example, they may receive a

⁷ EH-SNGs can be made recoverable in situations where a client is unreasonably contributing to their immediate emergency housing need. Between April 2020 and April 2021, around 1.5 percent of EH-SNGs were made recoverable. s 9(2)(j)

Supported Living Payment, be in emergency housing for longer periods of time (often over 40 weeks), be elderly, experience issues with alcohol and other drugs, and/or face mental health challenges.

72 s 9(2)(f)(iv)

Expansion of a place-based approach to other locations

73 Rotorua is unique and not all locations have the same level of issues associated with EH-SNG use. It is also clear that the elements of the Rotorua approach alone will not address the significant demand that exists for emergency housing. However, there is value in considering expansion of elements of the place-based approach taken in Rotorua (either to specific locations or as system-wide changes) because:

73.1 it is likely that there will continue to be a need to utilise significant numbers of motels as emergency housing in the medium term as new supply of sustainable housing is rolled out and homelessness responses are embedded

73.2 short-term solutions such as contracting motels and providing adequate holistic wraparound support are needed to improve support and accommodation available particularly for families and whānau with children

73.3 there are other locations around the country with high rates of EH-SNG use and concentration of EH-SNG motels around city centres. There are also locations where this has been associated with social harm and community concern.

74 s 9(2)(f)(iv)

s 9(2)(f)(iv)

76 Our approach to addressing homelessness also recognises that place-based factors have a significant impact on how homelessness is experienced in different towns, cities, and regions across the country. This means what works in one place might not be appropriate in another. s 9(2)(f)(iv)

[REDACTED]

Any response to homelessness must prioritise and support kaupapa Māori responses

- 77 MAIHI and its kaupapa Māori principles must drive how we expand this approach and continue to prevent and reduce homelessness. As a Treaty partner, we must partner with and support Māori to deliver solutions for Māori.
- 78 Prioritising and supporting Māori and Iwi providers will be essential to improve housing outcomes for individuals and whānau experiencing or at-risk of homelessness. Robust feedback loops will be essential to ensure responses are informed by the experience of Māori and the relevant context, and are adapted to respond to what we learn as this approach is rolled out and embedded.
- 79 While this approach will benefit Māori, who are disproportionately overrepresented among those experiencing homelessness, its principles-based approach will benefit all individuals and families.

s 9(2)(f)(iv)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

81

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s 9(2)(f)(iv)

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Improving the broader emergency housing system

- 87 This work has also emphasised the need to look at how to improve the ongoing provision of emergency housing places across the country. To do this, officials will focus on improving the picture of emergency housing and the impacts and issues that may be associated with it. [REDACTED] s 9(2)(f)(iv)

[REDACTED]
[REDACTED]
[REDACTED]

- 88 The proposals will also require us to consider broader questions about EH-SNGs. [REDACTED] s 9(2)(f)(iv)

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED]

[REDACTED] [REDACTED]

It is key that work progresses to address underlying demand for motels as emergency accommodation

- 89 Improving the emergency housing system requires a staged and planned approach to mitigate the risks of long-term motel use. Agencies will need to respond to urgent needs and issues arising from the EH-SNG model, while continuing to take action to address systemic issues driving demand for EH-SNGs in the first place.

- 90 To prevent and reduce homelessness, it is critical that multiple agencies are working together to address the many complex social issues that can lead to homelessness. Significant steps are being taken to address homelessness through the cross-agency Aotearoa New Zealand Homelessness Action Plan. However, more will be needed to deliver on the vision that homelessness is rare, brief and non-recurring. [REDACTED] s 9(2)(f)(iv)

[REDACTED]

[REDACTED] and an 18-month review of the Action Plan will be completed around September/October 2021. This provides an opportunity to identify what further is required.

- 91 We must continue to increase the supply of public, transitional and affordable housing and progress work on addressing underlying issues within the housing market.
- 92 The Government is prioritising the supply of affordable housing through a \$3.8b investment in the provision of critical infrastructure through the Housing Acceleration Fund, the KiwiBuild programme and by leveraging the scale of our Government Build Programme to increase the number of market homes in mixed developments.
- 93 The Government is also undertaking wider system reform through the ongoing Resource Management Act reforms and the National Policy Statement on Urban Development.
- 94 HUD is also initiating the development of a new Māori Housing Strategy informed by a review of He Whare Āhuru Oranga Tangata to strengthen MAIHI and accelerate the momentum to achieve significant and enduring housing outcomes with, for and by Māori. s 9(2)(f)(iv)
- 95 Agencies are supporting the Wai 2750 Housing Policy and Services Kaupapa Inquiry process, which includes a focus on Māori homelessness. Hearings are underway and emergency housing has been raised as a key issue. This will provide an important driver to review and reset how we are enabling and supporting kaupapa Māori approaches and improve the effectiveness of policy, services and strengthen relationships with Iwi and Māori providers. Any findings and learnings will help inform future policy development.
- 96 Work across broader government workstreams will also help to reduce drivers of homelessness through addressing social and economic determinants of wellbeing.

Funding Implications

- 97 The steps being taken in Rotorua are not about saving money. They are directly focused on getting better outcomes for families, and in particular children, staying in motels. They look to minimise any potential impacts on the children and give families the best chance to quickly move to a more-permanent housing option. It is hoped they will result in downstream savings and improved outcomes in areas such as education and health for the families and children.
- 98 We propose that the s 9(2)(j) per annum that would have been spent on housing 200 families and whānau through EH-SNGs is instead invested in contracted accommodation with supports.⁸ This will not meet the full cost of the proposed changes in Rotorua because the contracted model provides much more than just accommodation.

⁸ This only pays for accommodation of varying quality, in motels alongside other cohorts, including those with complex needs. This can lead to children being exposed to antisocial behaviour, and potential safety issues.

- 99 We are seeking total funding of s 9(2)(j) to cover the initial cost (for 2021/22 only) of proposals in Rotorua. We propose funding this via an interim approach s 9(2)(f)(iv)
- 100 This includes s 9(2)(j) made up of the following for the 200 families and whānau with children:
- 100.1 s 9(2)(j) to secure dedicated facilities for 200 families and whānau with children that will include up to 330 units
 - 100.2 s 9(2)(j) for wraparound support services to be provided to each family through four providers
 - 100.3 s 9(2)(j) for onsite management and security where appropriate
 - 100.4 s 9(2)(j) for provider establishment costs and to enable meth testing to be carried out to ensure that the motels being contracted are safe to be occupied.
- 101 We are also seeking s 9(2)(j) in 2021/22 to support the establishment and running of Te Pokapū – the Rotorua Housing Hub.
- 102 In addition, we are seeking s 9(2)(j) s 9(2)(f)(iv)
- 103 This funding will provide better outcomes for these families and whānau. Contracting emergency accommodation will ensure facilities are appropriate for families and are good quality. Families will also be able to access additional wraparound support that meets their needs, and 24/7 onsite management will ensure the families in these motels are kept safe.
- 104 We consider that the new contracted model is a significant improvement on the current model and the additional cost is commensurate with the additional services provided.
- 105 A full breakdown of the funding required is attached as Annex Six.

Funding approach

- 106 Due to the urgent need in Rotorua, we have directed HUD to immediately begin contracting motels and support services using existing transitional housing funding, while a sustainable solution is identified.
- 107 It would not be appropriate, in our view, to permanently direct transitional housing funding away from new supply into contracting more motels. The funding in the Transitional Housing MCA is required to retain Government's focus on continuing to deliver new transitional housing places, including the 2,000 new places committed to in Budget 2020 by June 2022. Using this

funding for contracted motels would impact on the future pipeline of transitional housing and reduce the number of more-permanent housing options.

- 108 While there are a range of possible funding options, most only provide an interim or partial solution. Our preference is to fund this model over multiple years as, to implement the model effectively, providers need certainty over ongoing funding to enable them to recruit and procure necessary resources.
- 109 However, to meet the first year of costs we propose seeking an interim funding solution, s 9(2)(f)(iv)
- 110 We propose that the actions in Rotorua are initially funded via:
- 110.1 a transfer of s 9(2)(j) from the BoRE: Accommodation Assistance appropriation (EH-SNGs are paid from here) to a new dedicated appropriation, and
- 110.2 reprioritisation of s 9(2)(j) from the underspend of the rent arrears assistance appropriation.

111 s 9(2)(f)(iv)

Transfer from the BoRE: Accommodation Assistance appropriation to a new dedicated appropriation

- 112 Agencies have estimated that the Crown spends approximately s 9(2)(j) per annum providing EH-SNGs to the approximately 200 families and whānau with children in EH-SNG motels. We consider this funding would be better spent providing these families with better quality accommodation and more appropriate support that helps them find permanent housing more quickly.
- 113 Although EH-SNG spend is expected to reduce (as a direct result of the 200 families moving from EH-SNG accommodation to contracted accommodation), it is anticipated that contracting emergency housing accommodation in Rotorua could free up approximately 75 percent of current EH-SNG supply (used for those families) which would then be made available to meet latent demand in the city.
- 114 EH-SNGs are funded under a BoRE appropriation where funding is set at a level intended to meet forecast demand and is adjusted periodically, through joint Ministers' approval, to reflect changes in forecast demand.
- 115 MSD has estimated the potential increase in EH-SNG spend associated with meeting this latent demand at s 9(2)(g)(i) per annum and therefore this approach is not fiscally neutral.

Reprioritisation from existing baselines

- 116 In June 2020, the Government extended rent arrears support to tenants at risk of eviction once the tenancy termination restrictions implemented as part of the COVID-19 response were lifted. The rent arrears assistance is a one-off payment that tenants are required to pay back. The extension to the assistance funding ceases at the end of this financial year and MSD have advised it is projecting that \$40-50 million will remain unspent.
- 117 This paper seeks agreement for, and early confirmation of, an in-principle expense and capital transfer of s 9(2)(j) from 2020/21 to 2021/22.
- 118 Also, as the rent arrears assistance is intended to be repayable, it is funded under a capital appropriation. As there is no expectation that the costs incurred in Rotorua will be recovered, this paper also seeks agreement for a capital to operating swap.
- 119 While this swap will adversely impact the operating balance and net core Crown debt, we are asking Cabinet to agree that the fiscal implications are managed outside of budget allowances.

New funding via the Between-Budget Contingency

- 120 While a combination of the options above could provide funding over the near term, the partial funding of these options and the time-limited nature of reprioritisation mean they do not represent a sustainable funding model. Reprioritising permanently from other areas in baselines would require trade-offs, such as a reduction in additional supply, or delays to delivery timeframes. To avoid this, new funding could be sought from the Between-Budget Contingency (BBC) fund.
- 121 We do not propose to do this as a call of this quantum would utilise a significant portion of the available contingency.

Treasury comment

- 122 Treasury's recommended funding option is that the s 9(2)(f)(iv) be factored into the costings s 9(2)(f)(iv). This is on the basis that any new or cost pressure initiatives be met from existing baselines, should baseline funding be available.
- 123 We note that the s 9(2)(f)(iv) for the current financial year, and we are supportive of this funding be carried forward to provide for immediate housing need in Rotorua, particularly given the similar outputs being purchased.
- 124 s 9(2)(f)(iv)

Response

- 125 As noted above it would not be appropriate, in our view, to permanently direct transitional housing funding away from new supply into contracting more motels. The funding in the Transitional Housing MCA is required to retain Government's focus on continuing to deliver new transitional housing places, including the 2,000 new places committed to in Budget 2020 by June 2022.

Implementation

Officials are working at-pace to implement the Rotorua approach

- 126 HUD, MSD, Kāinga Ora, Te Arawa Iwi, and Rotorua Lakes Council are working collaboratively on the ground to implement the Rotorua approach. A summary and timeline for these activities is included below.

Action	Current status
Motel contracting for 200 families and whānau with children	HUD lead agency: Officials are engaging and negotiating with moteliors to become contracted motels, and anticipate agreements to be in place by the end of June 2021.
Enhanced wraparound support services (contracted motels)	HUD lead agency: Four organisations have agreed to provide wraparound support services for households in contracted motels, with contracts expected to be in place in June.
Motels for sole EH-SNG use (non-contracted)	MSD lead agency: Officials are visiting motels to determine suitability and discuss EH-SNGs with moteliors. Officials expect to complete identifying potential motels by the end of June.
s 9(2)(f)(iv)	MSD lead agency: s 9(2)(f)(iv)
Te Pokapū – Rotorua Housing Hub	MSD lead agency: Te Taumata O Ngāti Whakaue iho ake (Iwi partner) will be involved with the Hub. s 9(2)(f)(iv)
Kāinga Ora Housing pipeline	Kāinga Ora lead agency: s 9(2)(j)
s 9(2)(f)(iv)	HUD lead agency: s 9(2)(f)(iv)

127 As officials continue to implement the actions in Rotorua, there will be further decisions to confirm:

127.1 how the Hub operates, and roles of Hub members in assessing and placing people into motels

127.2 how MSD undertakes their core EH-SNG role to better align with the placement of different cohorts into suitable motels.

Evaluating the approach to meet urgent housing need in Rotorua

128 The approach to meeting urgent housing need in Rotorua will be evaluated. Findings will form an evidence base to consider which aspects of the approach work most effectively and should be sustained, and which are least effective and should be modified. As part of this, officials will assess findings against MAIHI principles and other kaupapa Māori approaches to consider how whānau Māori are being supported, and how they could be better supported.

129 Evaluation learnings will also inform future emergency housing approaches ■

s 9(2)(f)(iv)

130 s 9(2)(g)(i)

Reporting on progress

131 Officials will provide regular updates to Ministers on progress in Rotorua, and on other locations. Annex Five provides a mock-up of a dashboard officials will use to provide these updates.

132 We will report back to Cabinet:

132.1 s 9(2)(f)(iv)

Legislative Implications

133 There are no legislative implications arising from the proposals in this paper.

Regulatory Impact Statement

134 A Regulatory Impact Statement is not required for the proposals in this paper.

Climate Implications of Policy Assessment

135 There are no climate impacts arising from the proposals in this paper.

Population Implications

Māori	The ongoing impact of cultural discrimination and disadvantage are key drivers of homelessness for Māori. Māori are significantly more likely than the general population to experience homelessness and make up 58 percent of all households accessing EH-SNGs. This proposal will positively impact Māori with an emergency housing need in Rotorua.
Pacific peoples	Pacific peoples are disproportionately impacted by homelessness, particularly in terms of the broader definition of homelessness. Low household incomes, a lack of houses designed for large multi-generational households and severe housing unaffordability in the regions (largely Auckland) that Pacific peoples are concentrated in, contribute to housing stress.
Women	Women are more likely to be the sole or primary caregiver of children and young people and sole parents with dependent children, and make up a higher proportion of those in emergency accommodation and sharing accommodation temporarily. For some women, experiences of domestic or family violence can lead to homelessness. This proposal will positively impact women accessing emergency accommodation and provide a safer environment for women who are primary caregivers of children.
People who are gender diverse	Gender diverse people (an umbrella term for a varied range of identities, including whakawahine, transgender, fa'afafine, takatāpui, non-binary, and gender-neutral people) have an increased risk of homelessness and a high level of vulnerability within mainstream services. It is important that services are tailored to the diverse needs of people experiencing homelessness and seek to better understand the needs and responses required.
Children	53 percent of households accessing EH-SNGs are families with children. For children and young people, homelessness can be especially harmful and have longer-term impacts on wellbeing. Constant moving and insecure housing take children outside of familiar environments and may involve moving schools and/or school absences. There are long-term impacts from experiences of childhood poverty and childhood trauma, which have been shown to be a key predictor of future homelessness. This proposal will prioritise families with children and provide more suitable accommodation and support for these households.
Disabled people	Approximately one in four people (24 percent) in New Zealand are disabled and this rate increases with age. Disabled people, particularly those with accessibility needs, often experience more difficulty finding a home. Disabled people have specific risk factors that can lead to homelessness as well as specific needs when experiencing homelessness. The contracted emergency motel model gives the opportunity to identify and contract motels that meet the accessibility requirements of individuals and whānau accessing emergency housing.
Older people	There are many older people experiencing homelessness or living in unsuitable housing (too expensive, inaccessible or unsafe). The economic impacts of COVID-19 may impact older workers who have or

	might become unemployed and those living in rentals facing housing stress as a result of the loss of income.
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Human Rights

- 136 This proposal is consistent with the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.
- 137 Elements of positive discrimination are intended to respond to identified need, and improved support for general emergency housing provision is also planned.

Consultation

- 138 This paper has been prepared by Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development. To prepare this paper, officials worked with the Ministries of Education, Health, Pacific Peoples, and Social Development, the Departments of Corrections, and Prime Minister and Cabinet, Kāinga Ora, New Zealand Police, Oranga Tamariki–Ministry for Children, Te Puni Kōkiri, Public Service Commission, and Treasury.

Communications

- 139 On 13 May 2021, we announced decisions we have made in relation to Rotorua. We will continue making announcements as work progresses to expand elements of the approach being taken in Rotorua to other locations.

Proactive Release

- 140 s 9(2)(f)(iv)
-

Recommendations

The Minister of Housing, the Minister for Social Development and Employment, and the Associate Minister of Housing (Homelessness) recommend that the Committee:

- 1 **Note** that this Government has taken significant steps to directly address homelessness and has a focus on reducing the use of EH-SNGs
- 2 **Note** that there is also a range of work currently underway to address the structural issues, such as a lack of affordable housing, that drive much of the demand for EH-SNGs
- 3 **Note** that in spite of this direct focus on reducing EH-SNG use, we have seen significant growth in EH-SNG numbers over the last two years
- 4 **Note** that the current model of EH-SNG provision does not consistently ensure safe and quality motels, or provide for wraparound social support services. This can make it difficult for families and individuals to thrive

- 5 **Note** that Ministers have agreed to a suite of changes to meet urgent need in Rotorua. These include:
- 5.1 HUD contracting specific motels to provide emergency accommodation, with an initial focus on the approximately 200 families and whānau with children in EH-SNG motels
 - 5.2 providing better supports through HUD contracting additional wraparound support services to meet the needs of the families in those contracted motels and MSD improving supports available for those remaining in current EH-SNG motel places
 - 5.3 the implementation of a Rotorua Housing Hub to strengthen assessment and placement processes for emergency housing clients and co-locate relevant services
 - 5.4 near-to-medium-term supply solutions

Funding options

- 6 **Agree** to fund the first year's cost s 9(2)(j) of contracting motels and providing wraparound supports and 24/7 onsite management for around 200 families and whānau with children currently in EH-SNG motels in Rotorua
- 7 **Agree** to fund the first year of operating cost s 9(2)(j) for Te Pokapū, the Rotorua Housing Hub, which will strengthen the assessment and placement processes for emergency housing clients and co-locate relevant services
- 8 **Agree** to fund the capital cost of the fit-out of Te Pokapū s 9(2)(j) and the development of a data system that will support agencies located in the Hub with appropriate placement and assessment information s 9(2)(j)
- 9 **Agree** to fund the first year's cost s 9(2)(f)(iv), s 9(2)(j)
- 10 **Agree** to establish the following appropriations to give effect to the decisions in recommendation 6 to 8 above:

Vote	Appropriation Minister	Title	Type	Scope
Housing and Urban Development	Minister of Housing	Contracted emergency housing accommodation and services	Non-Departmental Output Expense	This appropriation is limited to contracting with service providers for emergency housing accommodation (including ancillary services such as onsite management) and to supporting clients in contracted emergency

				housing to move into sustainable housing.
Social Development	Minister of Housing	Housing Place-Based Approaches	Non-Departmental Output Expense	This appropriation is limited to the delivery of housing-related services and operational support of collective initiatives utilising a place-based approach.
Social Development	Minister of Housing	Housing Hub capital costs Place-Based Approach	Non-departmental Other Expense	This appropriation is limited to the capital costs for the delivery of a Housing Hub in support of collective initiatives utilising a place-based approach.

EITHER: [Through the redirection of EH-SNG funding and projected Rent Arrears Assistance underspend – recommended option]

- 11 **Note** that EH-SNG expenditure is expected to reduce (as a direct result of the 200 families moving from EH-SNG accommodation to contracted accommodation) by s 9(2)(j) in 2020/21
- 12 **Note** that EH-SNGs are funded under the Vote Social Development Benefits or Related Expenses appropriation: Accommodation Assistance where funding is set at a level intended to meet forecast demand. It is expected that contracting emergency accommodation in Rotorua will free up approximately 75 percent of current EH-SNG supply that would then be available to meet latent demand in the city thereby diminishing any potential permanent reduction in EH-SNG spend
- 13 **Note** that MSD has estimated the potential increase in EH-SNG spend associated with meeting this latent demand at s 9(2)(g)(i) and therefore this approach is not technically fiscally neutral
- 14 **Agree** to reprioritise s 9(2)(j) from the Accommodation Assistance appropriation that would otherwise be spent providing EH-SNGs to the 200 families and whānau in Rotorua to partially fund the costs agreed to in recommendations 6 to 9 above
- 15 **Note** that MSD projects that there will be a \$40-50 million underspend in the Housing Support Assistances MCA category: Recoverable Housing Support Assistances in the 2020/21 financial year
- 16 **Note** that Rent Arrears Assistance is recoverable capital expenditure and is therefore expected to be fiscally neutral over time. Redirecting this underspend will not be fiscally neutral as there is no expectation that the costs incurred in Rotorua will be recoverable and therefore transferring the underspend will impact on the operating balance and net core Crown debt
- 17 **Agree** to reallocate s 9(2)(j) of the projected \$40-50 million underspend in the Housing Support Assistances MCA category: Recoverable Housing

Support Assistances from the 2020/21 financial year to fund the balance of costs agreed to in recommendations 6 to 9 above

- 18 **Note** that the proposal in recommendation 17 above will adversely impact the operating balance and net core Crown debt
- 19 **Agree** that the fiscal implications under recommendation 18 above are managed outside of budget allowances
- 20 **Note** that funding this initiative from the reduction in EH-SNG expenditure and the Rent Arrears Assistance underspend is an interim measure only s 9(2)(f) (iv)
- 21 **Agree** to the following in-principle transfer of up to s 9(2)(j) to give effect to the decision in recommendation 17 above:

	\$m – increase/(decrease)				
Vote Social Development Minister of Housing	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Multi-Category Expenses and Capital Expenditure: Housing Support Assistances MCA Non-departmental Capital Expenditure: Recoverable Housing Support Assistances	s 9(2)(j)	s 9(2)(j)	-	-	-

- 22 **Note** that early confirmation of the full amount of the available capital transfer is required to give effect to recommendation 21 above
- 23 **Agree** a capital transfer of s 9(2)(j) from 2020/21 to 2021/22
- 24 **Approve** the following changes to appropriations to give effect to the decisions in recommendation 23 above, with no impact on the operating balance and net core Crown debt across the forecast period:

	\$m – increase/(decrease)				
Vote Social Development Minister of Housing	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Multi-Category Expenses and Capital Expenditure: Housing Support Assistances MCA Non-departmental Capital Expenditure: Recoverable Housing Support Assistances	-	s 9(2)(j)	-	-	-

- 25 **Agree** to a fiscally neutral capital to operating swap to provide for the decision in recommendation 17 above, with the following impacts on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Vote Social Development Minister of Housing					
Operating Balance and Net Core Crown Debt Impact	-	-	-	-	-
Operating Balance Only Impact	-	-	-	-	-
Net Core Crown Debt Only Impact	-	s 9(2)(j)	-	-	-
No Impact	-	-	-	-	-
Vote Housing and Urban Development Minister of Housing					
Operating Balance and Net Core Crown Debt Impact	-	s 9(2)	-	-	-
Operating Balance Only Impact	-	-	-	-	-
Net Core Crown Debt Only Impact	-	-	-	-	-
No Impact	-	-	-	-	-
Total	-	-	-	-	-

- 26 **Approve** the following changes to appropriations to give effect to the decisions in recommendations 6 to 9, 21, and 23 to 25 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Vote Social Development Minister of Housing		s 9(2)(j)			
Benefits or Related Expenses: Accommodation Assistance	-		-	-	-
Multi-Category Expenses and Capital Expenditure: Housing Support Assistances MCA:					
Non-departmental Capital Expenditure: Recoverable Housing Support Assistances	-		-	-	-
Departmental Output Expense: Services to Support People to Access Accommodation	-		-	-	-
Non-departmental Output Expense:	-		-	-	-

Housing Place-Based Approaches					
Non-departmental Other Expense:					
Housing HUB capital costs					
Place-Based Approach	-		-	-	-
Vote Housing and Urban Development					
Minister of Housing					
Non-departmental Output Expense:					
Contracted emergency housing accommodation and services	-		-	-	-
Total Operating	-		-	-	-
Total Capital	-		-	-	-

- 27 **Agree** that the proposed changes to appropriations in recommendations 21 and 23 to 26 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply

OR: [Through the **redirection of existing transitional housing funding** – the Treasury preferred approach]

- 28 **Agree** that the costs agreed to in recommendations 6 to 9 above be funded through the redirection of existing transitional housing funding as an interim measure only
- 29 **Note** that permanently directing transitional housing away from new supply will impact on the Government's ability to deliver new transitional housing places, including the 2,000 new places committed to in Budget 2020 by June 2022, which are critical to reducing the ongoing reliance on motels
- 30 **Note** that funding this initiative from the redirection of existing transitional housing funding is an interim measure only s 9(2)(f)(iv)
- 31 s 9(2)(f)(iv)
- 32 **Approve** the following fiscally neutral adjustments to give effect to the decisions in recommendations 6 to 9 and 28 above, with no impact on the operating balance or net core Crown debt:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Vote Housing and Urban Development					
Minister of Housing					

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
Multi-Category Expenses and Capital Expenditure: Transitional Housing MCA: Non-departmental Output Expense: Provision of Transitional Housing Places	-	s 9(2)(j)	-	-	-
Non-departmental Output Expense: Transitional Housing Services	-		-	-	-
Non-departmental Output Expense: Contracted emergency housing accommodation and services	-		-	-	-
Vote Social Development Minister of Housing					
Departmental Output Expense: Services to Support People to Access Accommodation (funded by revenue Crown)	-		-	-	-
Non-departmental Output Expense: Housing Place-Based Approaches	-		-	-	-
Non-departmental Other Expense: Housing HUB capital costs Place-Based Approach	-		-	-	-

- 33 **Agree** that the proposed changes to appropriations in recommendation 32 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply

Next steps

- 34 s 9(2)(f)(iv)
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37 s 9(2)(f)(iv)

[Redacted text block containing multiple lines of information, some with bullet points]

Authorised for lodgement

Hon Dr Megan Woods
Minister of Housing

Hon Carmel Sepuloni
Minister for Social Development and Employment

Hon Marama Davidson
Associate Minister of Housing (Homelessness)

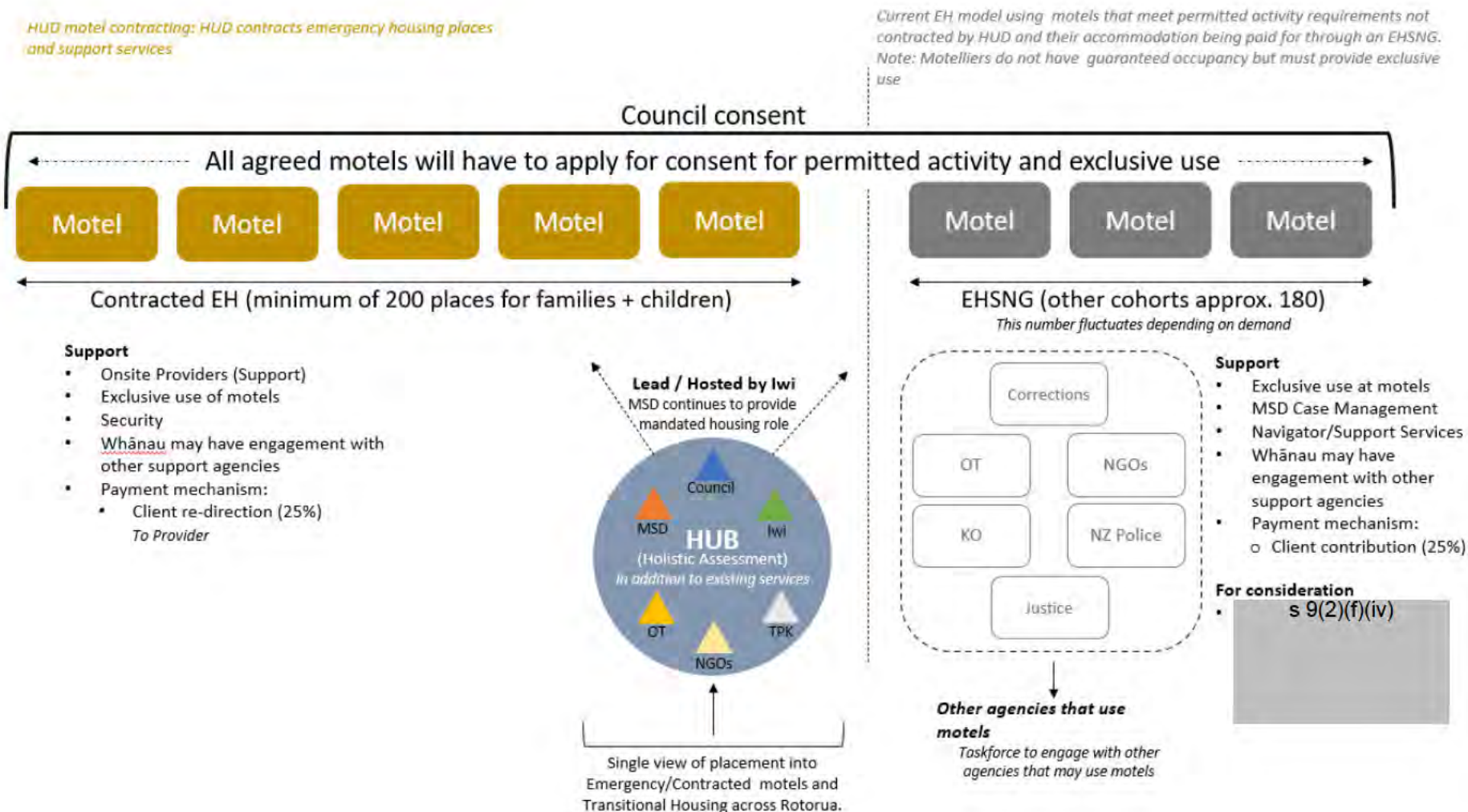
Annex One: Measures to prevent and reduce homelessness

- 1 Significant measures have already been introduced or are underway to reduce homelessness. However, we know it will take time to see the full impact of these. In November 2019, Cabinet agreed to a significant increase in the supply of transitional housing to reduce reliance on motels and the prioritisation of families with children in to the new transitional housing [SWC-19-MIN-0181 refers]. As of February 2021, 1,000 additional transitional housing places have been delivered.
- 2 In December 2019, Cabinet agreed to changes to EH-SNGs to provide greater consistency with other forms of housing support [SWC-19-MIN-0205 refers]. These changes introduced a financial contribution of 25 percent of a client's income towards the cost of emergency housing and enabled MSD to extend the duration of the grant for up to 21 days where the client is engaged with an intensive support service.
- 3 MSD and its partners in the community provide targeted social support to people staying in emergency accommodation longer than seven nights through Intensive Case Managers and contracted Navigators and Support Services. Over 2019/20, the Government allocated \$67.18 million over three years to support a total of 2,943 households in emergency housing at any one time. This included funding through the Aotearoa New Zealand Homelessness Action Plan. Given the increase in the number of people in emergency housing, this support is prioritised based on the level of client need.
- 4 The Homelessness Action Plan was launched in February 2020 and is backed by over \$300 million to deliver on the Government's vision that homelessness is prevented where possible, or is rare, brief and non-recurring. This includes the focus on stable homes and wellbeing and looking past the short-term approach of providing emergency housing, so that individuals and whānau have space to recover and improve their wellbeing and be part of their community.
- 5 During the initial COVID-19 response, agencies worked collaboratively at-pace with housing providers and Māori organisations to house over 1,000 individuals and whānau in motels across New Zealand, supported by over \$100 million in funding. Providers noted very limited numbers of people sleeping rough during the COVID-19 Level 4 lockdown. To meet increased demand, the number of places in Sustaining Tenancies and Rapid Rehousing was also increased (from 1,451 to 2,150 and 170 to 549 places, respectively). Budget 2020 also provided funding to maintain these places.
- 6 All 18 immediate Action Plan actions are now underway, helping people address issues that put their tenancies at risk and supporting people at points where they are at risk of homelessness, such as leaving the care of government. This included work to expand housing support for young people leaving Oranga Tamariki care; improve transitions from acute mental health and addiction inpatient units; improve discharge planning for people leaving hospital and inpatient units; support women leaving prison; and support returned overseas offenders experiencing homelessness.

- 7 With the support of He Taupua and He Kūkū ki te Kāinga MAIHI implementation funding, our delivery of kaupapa Māori approaches is helping to prevent homelessness, increase housing supply, build capability of Iwi and Māori housing providers, and support Māori experiencing or at risk of homelessness.
- 8 A further 18 longer-term actions are to be developed for implementation over 2020-2023, some of which are underway already. For example, new public housing supply is underway through Budget 2020 funding, guided by the Public Housing Plan, and the \$400 million Progressive Home Ownership Fund will help between 1,500 and 4,000 New Zealand families and whānau buy their own homes. The Progressive Home Ownership Fund has a specific aim to address housing affordability issues for three priority groups: Māori, Pacific peoples, and families with children.

Annex Two: Overview of how Rotorua approach will operate

- 1 The figure below provides an overview of how the Rotorua approach will operate on the ground, as well as its governance structure.



IN CONFIDENCE

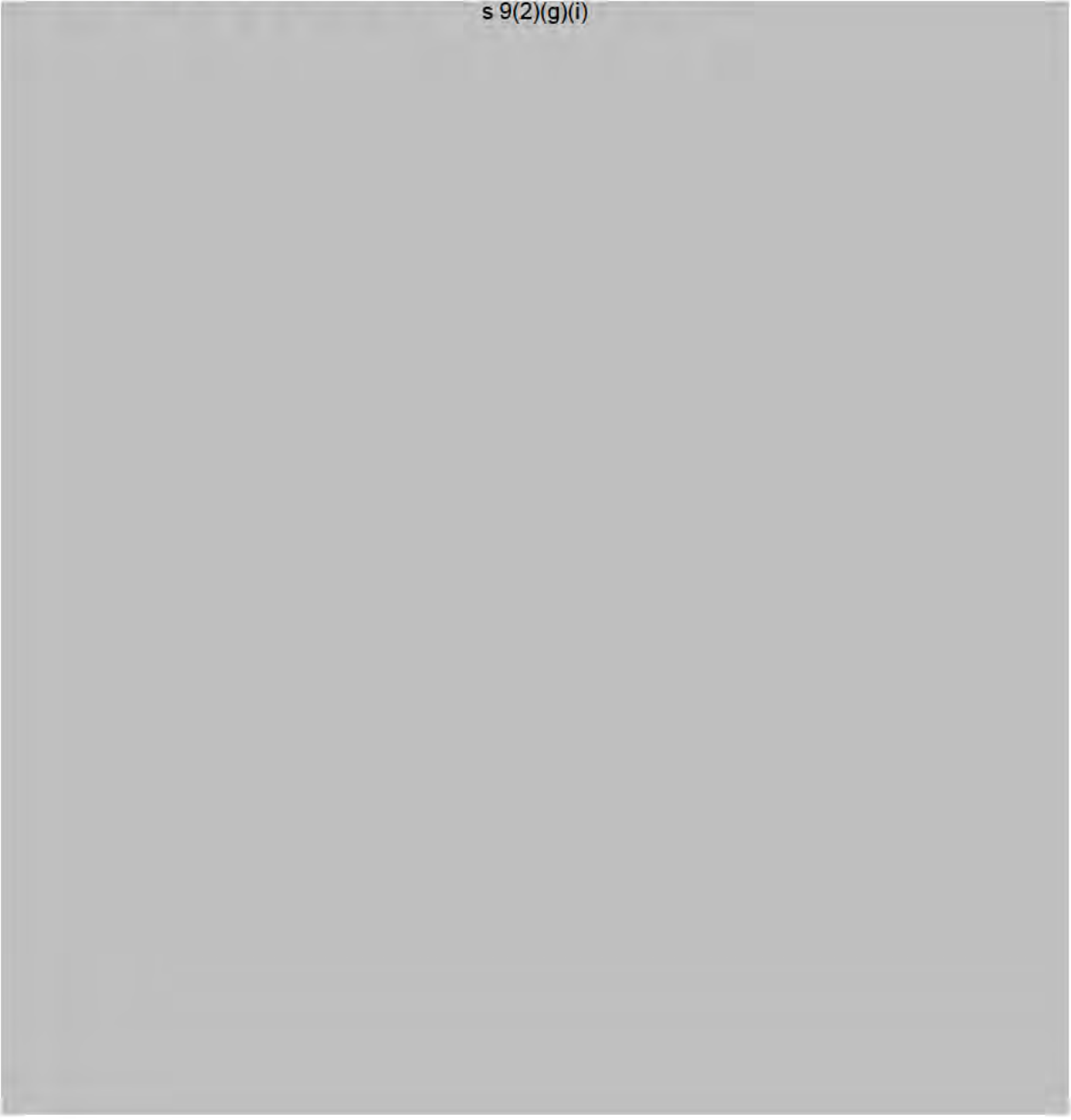
Annex Three: Stocktake of needs and supports in Rotorua

- 1 This appendix provides a high-level summary of the needs of key cohorts in emergency housing in Rotorua, as well as the supports available to them. Our understanding of need will grow as case management progresses in Rotorua. There is also scope to adjust contracts with wraparound support providers to account for client needs as they emerge.

Cohort	Need profiles of those in emergency housing in Rotorua Some of these factors drive a need for emergency housing, while others are a result of being in emergency housing	Supports provided through Te Pokapū – the Rotorua Housing Hub	Support provided in Rotorua	Additional supports for those remaining in non-contracted EH-SNG places in Rotorua and nationwide	Wider health and social wellbeing supports in Rotorua
Families and whānau with children (individuals or couples)	For many families and whānau with children, the key issue driving their need for emergency housing is a lack of affordable private rentals. Additional supports for some include: <ul style="list-style-type: none"> • budgeting support • support to overcome challenges of living in a motel, ie maintaining engagement, or re-engaging children, in education • family violence support. 	The Hub will take a holistic, joined-up approach to assessing a wide range of needs for anyone requiring emergency housing in Rotorua. The Hub will be a single point of contact, with referral processes in place, supported by defined roles and responsibilities for agencies and organisations located onsite. Iwi partner, Te Taumata o Ngāti Whakaue Iho Ake, will host the Hub.	Wraparound support will focus on identifying needs and co-ordinating access to wider social and health supports to respond to specific needs. The level of support will adjust according to the need. <i>Service providers</i> <ul style="list-style-type: none"> • Emerge Aotearoa • Lifewise • Visions of a Helping Hand Charitable Trust • WERA Aotearoa Charitable Trust 	A flexible funding package has been introduced through the Homelessness Action Plan to assist whānau with children with the extra stresses and costs of living in emergency housing where other support is not available. It will be used to support the wellbeing and education needs of the children to minimise disruption to their lives and keep them connected with school, early childhood education and other activities.	<i>Iwi and/or kaupapa Māori services</i> <ul style="list-style-type: none"> • Iwi-based social services delivered through Whānau Ora / Te Puni Kōkiri • Manaaki Ora <i>Oranga Tamariki</i> <ul style="list-style-type: none"> • Social Workers in Schools • Family Start <i>Ministry of Social Development</i> <ul style="list-style-type: none"> • Budgeting services • Employment supports <i>Ministry of Health</i> <ul style="list-style-type: none"> • Healthy Homes Initiative <i>Lakes DHB</i> <ul style="list-style-type: none"> • Alcohol and Drug services • Community mental health services
Rangatahi	Rangatahi/young people require intensive, tailored and youth-focused support to assist with: <ul style="list-style-type: none"> • positive and healthy social and community connections • engaging in education or training • mental health wellbeing • day-to-day life skills (running a home, paying bills, cooking etc) • navigating family relationships. 	As above	As above	MSD is undertaking work to improve the provision of emergency housing. This will benefit all cohorts receiving EH-SNGs through non-contracted motels, and includes: <ul style="list-style-type: none"> • improving safety and security • ceasing use of unsuitable motels and moving clients into more suitable accommodation • developing a process for ensuring emergency accommodation is suitable • the potential for a complaints process for emergency housing suppliers • ensuring clients are aware of their obligations when staying in emergency housing. 	
Disabled people	The lack of accessible and affordable rental accommodation, or other barriers such as discrimination, poor employment opportunities and low incomes, can lead to disabled people needing emergency, transitional or public housing. Disabled people are diverse and have a variety of needs, and may require additional social supports depending on the nature of their disability. For example, they may need support to manage daily personal tasks such as cooking and washing, or need communication assistance.	As above	As above		
Individuals with complex needs	Individuals with complex needs may require support with: <ul style="list-style-type: none"> • issues with alcohol and other drugs • mental health • anti-social behaviour. 	As above	MSD will provide: <ul style="list-style-type: none"> • regular check-in with clients • housing-based case management • proactive visits to clients at motels • Navigators. 		

Annex Five: Mock dashboard to report on progress

s 9(2)(g)(i)



Annex Six: Costing assumptions and breakdowns

1 This annex provides costing assumptions and breakdowns for the following components of the model:

- 1.1 Accommodation costs to house 200 families and whānau with children in Rotorua in contracted motels
- 1.2 Support service costs for wraparound support services and 24/7 onsite management for 200 families and whānau with children in Rotorua
- 1.3 Te Pokapū – Rotorua Housing Hub to strengthen assessment and placement processes for emergency housing clients
- 1.4 s 9(2)(f)(iv)

					\$m				
Component	No. of places/motels/ households	Cost per night	Cost per week	Cost per year	2021/22	2022/23	2023/24	2024/25 and outyears	Total
Accommodation	330 motel units	s 9(2)(j)							
Wraparound supports	200 households with children in contracted motels								
24/7 onsite management at contracted EH- SNG motels	20 contracted motels								

⁹ Providers will be responsible for collecting the client contribution (generally 25 percent of their income). s 9(2)(j)

					\$m				
Component	No. of places/motels/ households	Cost per night	Cost per week	Cost per year	2021/22	2022/23	2023/24	2024/25 and outyears	Total
Subtotal: Contracted Emergency Housing Model					s 9(2)(j)				
Upfront Payments to Providers	Four providers – technology set up costs plus meth swab testing on units								
Te Pokapū – Rotorua Housing Hub	Staffing: s 9(2)(j)								
	Operating: s 9(2)(j)								
	Capex: - Fitout (one-off) - Data system capex								
	Subtotal: Te Pokapū – Rotorua Housing Hub								
s 9(2)(f)(iv)				s 9(2)(j)					
TOTAL COST									

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